

103D CONGRESS
1ST SESSION

S. 148

To amend section 337 of the Tariff Act of 1930 and title 28 of the United States Code to provide effective procedures to deal with unfair practices in import trade and to conform section 337 and title 28 to the General Agreement on Tariffs and Trade, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 21 (LEGISLATIVE DAY, JANUARY 5), 1993

Mr. ROCKFELLER (for himself, Mr. HATCH, and Mr. WOFFORD) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend section 337 of the Tariff Act of 1930 and title 28 of the United States Code to provide effective procedures to deal with unfair practices in import trade and to conform section 337 and title 28 to the General Agreement on Tariffs and Trade, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Intellectual Property
5 Protection Act of 1993”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds the following:

1 (1) Section 337 of the Tariff Act of 1930 (19
2 U.S.C. 1337) is one of the most important laws
3 available to United States businesses to deal with
4 unfair practices in import trade and to enforce intel-
5 lectual property rights against infringing imports.

6 (2) On November 23, 1988, a panel of the Gen-
7 eral Agreement on Tariffs and Trade (hereafter in
8 this Act referred to as “GATT”) found section 337
9 to be in violation of United States obligations under
10 the GATT, because certain procedures under section
11 337 did not provide national treatment for imported
12 goods and because some aspects of the procedures
13 were unnecessary for effective compliance with
14 United States patent law.

15 (3) On November 7, 1989, the United States
16 allowed adoption of the GATT panel report on sec-
17 tion 337, thereby assuming an obligation to reform
18 section 337 to comply with its obligations under the
19 GATT.

20 (4) Because of the special difficulties in enforc-
21 ing intellectual property rights against unfairly trad-
22 ed imports, special enforcement procedures that
23 apply only to imports are necessary to effectively en-
24 force intellectual property rights against infringing
25 imports.

(b) PURPOSE.—The purpose of this Act is to conform section 337 of the Tariff Act of 1930 and title 28 of the United States Code to the provisions of the GATT to ensure that section 337 procedures can reach multiple parties in one forum, allow efficient foreign discovery, provide expeditious dispute resolution even in the absence of a deadline for final determinations, and provide border enforcement of determinations.

(a) INVESTIGATION.—Section 337(b) of the Tariff
Act of 1930 (19 U.S.C. 1337(b)) is amended—

•S 148 IS

1 (2) in paragraph (1), by striking “The Commis-
2 sion shall conclude any such investigation” and all
3 that follows through the end period and inserting
4 the following: “The Commission shall conclude any
5 such investigation and make its determination under
6 this section at the earliest practicable time after the
7 date of publication of notice of such investigation.
8 To promote expeditious adjudication, the Commis-
9 sion shall, within 30 days of the initiation of an in-
10 vestigation, establish a target date for its final deter-
11 mination.”; and

12 (3) by striking the fifth sentence in paragraph
13 (3).

14 (b) DETERMINATION; REVIEW.—Section 337(c) of
15 such Act is amended—

16 (1) by striking “a settlement agreement” in the
17 first sentence and inserting “an agreement between
18 the parties”;

19 (2) by striking “subsection (d) or (e)” in the
20 second sentence and inserting “subsection (d), (e),
21 or (f) (and each declaration under subsection (o))”;
22 and

23 (3) by striking “(f), or (g)” in the fourth sen-
24 tence and inserting “(f), (g), or (o)”.

1 (c) EXCLUSION OF ARTICLES FROM ENTRY.—Sec-
2 tion 337(d) of such Act is amended by inserting after the
3 first sentence the following new sentence: “No article shall
4 be excluded from entry where the Commission determines
5 that the owner, importer, or consignee of the article has
6 established a sufficient counterclaim directly related to the
7 unfair methods or acts determined by the Commission to
8 exist.”.

9 (d) ENTRY UNDER BOND.—Section 337(e) of such
10 Act is amended—

11 (1) in the last sentence of paragraph (1), by
12 striking “determined by the Commission” and all
13 that follows through the end period and inserting:
14 “prescribed by the Secretary in an amount deter-
15 mined by the Commission to be sufficient to protect
16 the complainant from any injury. If the Commission
17 later determines that the respondent has violated the
18 provisions of this section, the bond may be forfeited
19 to the complainant.”;

20 (2) by adding at the end of paragraph (2), the
21 following new sentence: “If the Commission later de-
22 termines that the respondent has not violated the
23 provisions of this section, the bond may be forfeited
24 to the respondent.”; and

1 (3) by adding at the end thereof the following
2 new paragraph:

3 “(4) The Commission may prescribe the terms
4 and conditions under which bonds may be forfeited
5 under paragraphs (1) and (2).”.

6 (e) CEASE AND DESIST ORDERS.—Section 337(f)(1)
7 of such Act is amended—

8 (1) by inserting after the first sentence the fol-
9 lowing new sentence: “A permanent cease and desist
10 order shall not be issued if the Commission deter-
11 mines that the owner, importer, or consignee of the
12 article has established a sufficient counterclaim di-
13 rectly related to the unfair methods or acts deter-
14 mined by the Commission to exist.”; and

15 (2) by adding at the end thereof the following:
16 “If a temporary cease and desist order is issued in
17 addition to, or, in lieu of, an exclusion order under
18 subsection (e), the Commission may require the com-
19 plainant to post a bond as a prerequisite to the issu-
20 ance of an order under this subsection. If the Com-
21 mission later determines that the respondent has not
22 violated the provisions of this section, the bond may
23 be forfeited to the respondent. The Commission may
24 prescribe the terms and conditions under which
25 bonds may be forfeited under this paragraph.”.

1 (f) CONDITIONS APPLICABLE FOR GENERAL EXCLU-
2 SION ORDERS.—Section 337(g) of such Act is amended
3 by adding at the end thereof the following new paragraph:

4 “(3) The authority of the Commission to issue
5 an exclusion from entry of articles shall be limited
6 to persons determined by the Commission to be vio-
7 lating this section unless the Commission determines
8 that—

9 “(A) a general exclusion from entry of ar-
10 ticles is necessary to prevent circumvention of
11 an exclusion from entry limited to such persons;
12 or

13 “(B) there is a pattern of violation of this
14 section and it is difficult to identify the persons
15 responsible.”.

16 (g) ENTRY UNDER BOND AFTER REFERRAL TO
17 PRESIDENT.—Section 337(j)(3) of such Act is amended
18 by striking “shall be entitled to entry under bond” and
19 all that follows through the end period and inserting
20 “shall, until such determination becomes final, be entitled
21 to entry under bond prescribed by the Secretary in an
22 amount determined by the Commission to be sufficient to
23 protect the complainant from injury. If the determination
24 becomes final, the bond may be forfeited to the complain-
25 ant. The Commission may prescribe the terms and condi-

1 tions under which bonds may be forfeited under this para-
2 graph.”.

3 (h) DECLARATORY RELIEF.—Section 337 of such
4 Act is amended by adding at the end thereof the following
5 new subsection:

6 “(o) COMPLAINT FOR DECLARATORY RELIEF BY
7 OWNER, IMPORTER, OR CONSIGNEE.—In a case of actual
8 controversy as to the existence of unfair methods of com-
9 petition and unfair acts described in subsection (a), upon
10 the filing of a complaint for declaratory relief under oath
11 by the owner, importer, or consignee of an imported article
12 (or part thereof), the Commission may declare the rights
13 and other legal relations of the parties, whether or not
14 further relief is or could be sought. A declaration made
15 under this subsection shall have the force and effect of
16 a final determination of the Commission and shall be
17 reviewable as such. In the case of unfair acts involving
18 the validity of patents as described in subsection
19 (a)(1)(B), such a declaration shall be only for the purpose
20 of determining whether there is a violation of this section
21 and shall not have the effect of claim or issue preclusion.”.

22 **SEC. 4. AMENDMENT OF TITLE 28, UNITED STATES CODE.**

23 (a) IN GENERAL.—Chapter 111 of title 28, United
24 States Code, is amended by adding at the end thereof the
25 following new section:

1 **“§ 1659. Stay of certain actions pending disposition of**
2 **related proceedings before the United**
3 **States International Trade Commission**

4 “(a) STAY.—In a civil action involving parties that
5 are also parties to a proceeding before the United States
6 International Trade Commission pursuant to section 337
7 of the Tariff Act of 1930 (19 U.S.C. 1337), at the request
8 of a party that is a respondent in the proceeding before
9 the Commission (other than a respondent to a counter-
10 claim in a proceeding for declaratory relief), a district
11 court shall stay, until the determination of the Commis-
12 sion becomes final, proceedings in the civil action with re-
13 spect to any claim that involves the same issues involved
14 in the proceeding before the Commission.

15 “(b) USE OF COMMISSION RECORD.—After dissolu-
16 tion of a stay under subsection (a), portions of the record
17 of the proceeding before the United States International
18 Trade Commission that bear on issues in a civil action
19 shall be admissible in the civil action, subject to such pro-
20 tective order as the district court determines necessary
21 and to the extent permitted under the Federal Rules of
22 Evidence and the Federal Rules of Civil Procedure.”.

23 (b) CLERICAL AMENDMENT.—The chapter analysis
24 for chapter 111 of title 28, United States Code, is amend-
25 ed by adding at the end the following new item:

“1659. Stay of certain actions pending disposition of related proceedings before the United States International Trade Commission.”.

1 **SEC. 5. EFFECTIVE DATE.**

2 The amendments made by this Act apply to com-
3 plaints filed and investigations initiated under section 337
4 of the Tariff Act of 1930 (19 U.S.C. 1337) after the date
5 of the enactment of this Act.

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